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**1981/06/00**

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EID

China - Iran/Iraq Conflict

REF ID: A11512

At the start of the conflict last September, China adopted a policy of strict neutrality towards Iraq and Iran

b. we have noted an upsurge of rumors recently regarding arms sales negotiations and agreements with Iraq. Iraqi First Deputy Prime Minister Ramadan visited Beijing in early May and, according to unconfirmed reports, signed a large military sales agreement. The Chinese should be able to provide essential spare parts for Soviet-origin aircraft, armor and artillery.

You will have to impress upon the Chinese our view that supplying arms to either side in the conflict threatens to prolong or intensify the war. This will offer the Soviets additional time and opportunities to improve their position in the region in general, and in Iran in particular.

TALKING POINTS

-- OUR POLICY IN THE CONFLICT HAS BEEN NOT TO TAKE SIDES, TO PREVENT IT FROM SPREADING, AND SEEK AN EARLY END TO THE FIGHTING.

-- WE SUPPORT THE TERRITORIAL INTEGRITY OF BOTH IRAN AND IRAQ AND WANT TO FORESTALL DEVELOPMENTS THAT OPEN THE AREA TO EXTERNAL THREATS AND MANIPULATION. WE ARE PARTICULARLY CONCERNED WITH ANY MOVE THAT WOULD FURTHER WEAKEN IRAN'S ABILITY TO RESIST SOVIET ADVENTURISM. THIS WOULD DIRECTLY INCREASE INSTABILITY AND DANGERS

DEPARTMENT OF STATE

IS/FPC/CDR

TRP Date: 12/5/91

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TO ALL IN THE GULF.

-- WE SEE BOTH IRAN AND IRAQ AS HAVING IMPORTANT ROLES TO PLAY IN A STABLE AND SECURE GULF. THIS WILL BE ASSURED ONLY IF WE ARE ABLE TO REACH AN EARLY AND NEGOTIATED END TO THE CONFLICT. TO THIS END, WE HAVE SUPPORTED CREDIBLE INTERNATIONAL INITIATIVES.

-- THE U.S. WILL CONTINUE ITS POLICY OF NOT SELLING DEFENSE ARTICLES AND SERVICES TO IRAQ AND IRAN. WE CONTINUE TO DENY ALL REQUESTS FOR USG APPROVAL TO TRANSFER TO EITHER IRAQ OR IRAN MILITARY EQUIPMENT MANUFACTURED ABROAD UNDER U.S. LICENSE.

-- WE WELCOME THE POSITION OF THE PRC TO MAINTAIN NEUTRALITY IN THE IRAN/IRAQ WAR, AND URGE THE PRC TO EXERCISE SIMILAR RESTRAINT IN PROVIDING ITEMS TO EITHER SIDE WHICH COULD PROLONG OR EXPAND THE WAR.

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